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STATE OF COLORADO

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HIGHER EDUCATION

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ACCOUNTING STANDARDS

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Arthur J. Bamber

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**TITLE: COLLEGE WORK STUDY PROGRAMS**

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College work study programs are funded by the federal and state governments through grants to individual institutions for the sole purpose of providing employment to qualified students. Work study programs differ from other types of student aid in that the student is required to perform a service in return for compensation. The federal and state governments finance a percentage of the program cost while the institution must fund the remaining percentage from its sources. The federal program also provides for government reimbursement of administrative expenses based on a percentage of wages paid during the year.

To the extent that the federal or state grants fund the student wages and benefits incurred under the programs, the college or university should record grant revenue. The revenue recognized should be reported under "Federal or State Grants and Contracts" on the Statement of Revenues, Expenses, and Changes in Net Assets.

The corresponding wages and benefits paid or accrued for students employed through these programs should be recorded as student salary/wages and benefit expenses within the appropriate functional classification, such as instruction, research, etc.

The administrative allowance should be recorded as prescribed in Colorado Higher Education Accounting Standard #3, *Recording and Reporting of Indirect Cost (Facilities & Administrative Cost) Revenues of Sponsored Programs*.